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1 March 1958

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# CENTRAL INTELLIGENCE BULLETIN



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### DAILY BRIEF

#### I. THE COMMUNIST BLOC

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*25X1* Soviet approach to King Saud: The USSR is probably using the 27 February visit to King Saud by the Soviet ambassador to Syria to make exploratory offers of Soviet support and to request the establishment of formal relations. Saud has previously been firm in his refusal to do business with the Soviet Union.

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## II. ASIA-AFRICA

*no*  
France-Tunisia: A member of Foreign Minister Pineau's personal staff warns that "serious incidents" are inevitable if the Tunisian blockade of French garrisons is not alleviated "within a maximum of two weeks." Although France's top political and military leaders are committed to try to maintain strict control, the possibility of further incidents has been increased by Bourguiba's recent public statements and heavy fighting in Algeria near the Tunisian border. If the impasse continues much longer, Bourguiba will take his case back to the UN Security Council, and serious disorders inside Tunisia may erupt.

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Iranian conspiracy: The Shah is greatly disturbed over an alleged conspiracy headed by General Gharani which aimed at forcing the Shah into a purely titular role. Gharani, former army G-2, is under arrest and awaiting secret trial. An all-out government-directed press campaign against the "conspirators who have secret meetings with foreigners" has been launched. The atmosphere in Tehran is rapidly becoming more tense as arrests are announced and as rumors spread that many others are under suspicion.

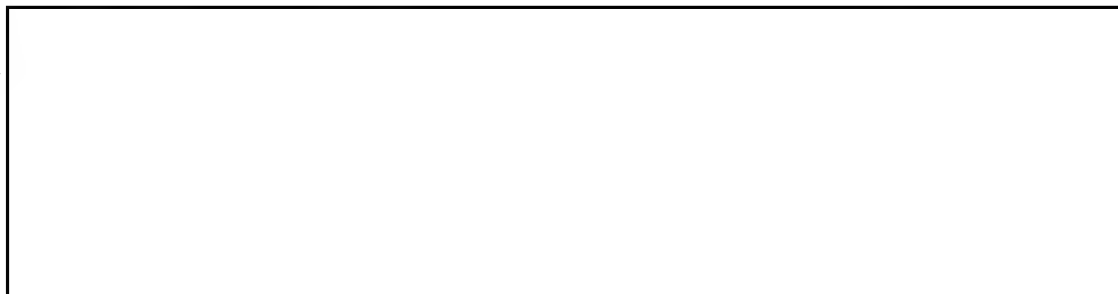
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DAILY BRIEF

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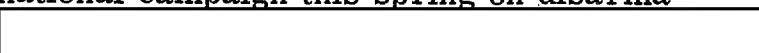


### III. THE WEST


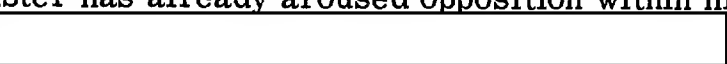
*no* Greek Government: The resignation of two prominent Greek cabinet ministers opens a period of political uncertainty which could result in the fall of the Karamanlis government. The resignations, in any event, will temporarily weaken the government and restrict its maneuverability on international problems such as Cyprus. 

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*or* Britain: Recent Labor party trends point to possible intensification of pressures on the Macmillan government to show further initiatives on disarmament and East-West issues. A group of some 70 Labor MP's is advocating that Britain renounce nuclear weapons and missile bases. Without going this far, the party and trade union leaderships are planning a joint national campaign this spring on disarmament questions. 

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*25X1*  Guatemala: Miguel Ydigoras Fuentes, who starts his six-year presidential term on 2 March, will be hampered in his efforts to restore political stability by bitter partisan rivalries and divisions among his own supporters. His appointment of a moderate leftist, Carlos Garcia Bauer, as foreign minister has already aroused opposition within his own party. 

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1 Mar 58

DAILY BRIEF

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USSR Agrees to Foreign Ministers' Conference to Prepare for Summit Talks

The USSR has abandoned its adamant opposition to a foreign ministers' conference and has proposed discussions on this level for April 1958 limited to questions relating to the "organizational side of preparation of a meeting at the summit." Presentation of the proposal in an aide-memoire to the US ambassador probably was designed to meet President Eisenhower's call for an end to "repetitive public debate" and his suggestion that the impasse in the summit exchange "can be broken by less formal and less publicized contacts...."

The foreign ministers, according to Gromyko, should work out an agenda for the summit conference, determine its composition, and fix its time and place. He asserted that "approximately" the same countries should be represented in the foreign ministers' talks as will participate in the summit meeting and offered two alternatives: all members of NATO and the Warsaw Pact, plus such neutrals as India, Afghanistan, Egypt, Yugoslavia, Sweden and Austria; or a "narrower" conference to include the United States, Britain, France, Italy, the USSR, Poland, Czechoslovakia, and Rumania, plus India, Yugoslavia, and Sweden. Gromyko gave no hint of future Soviet insistence on Chinese Communist participation.

The Soviet foreign minister repeated Bulganin's nine-point agenda proposals but added a new item entitled "conclusion of a German peace treaty." This apparently was intended as a "concession" to Western insistence that the German question must be discussed. He stated that representatives of the two German governments should participate in the discussion of this question. Gromyko, however, carefully drew a distinction between the peace treaty question and the unification issue. He repeated the long-established Soviet position that unification must be negotiated by the two German states alone and cannot be discussed at a summit meeting.

25X1A Moscow may be preparing to put forward a draft peace treaty which would define the future international status of a reunified Germany. Its terms probably would include neutralization, ceilings on armed forces, withdrawal of foreign troops, and a prohibition on nuclear weapons and missiles.

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Saud Gives First Formal Audience to Soviet Diplomat

S. S. Nemchina, the Soviet ambassador to Syria, arrived in Riyadh from Damascus on 27 February in a plane sent by King Saud. The visit is the result of long Soviet efforts to establish direct relations with the King. In mid-January, Nemchina requested an audience with Saud but was turned down. He then said he wished to deliver a personal message from Premier Bulganin. At that time Saud assured the American ambassador that whether he saw Nemchina or not, his policy toward the USSR and Communism would in no way change.

Saud will probably reiterate these sentiments following the visit of the Soviet envoy. He has indicated that he will keep the United States fully informed about any message he receives from the USSR. Moscow is probably hopeful that Saudi Arabia's economic difficulties and differences with the West over the Gulf of Aqaba will make Saud more amenable to fuller relations with the bloc.

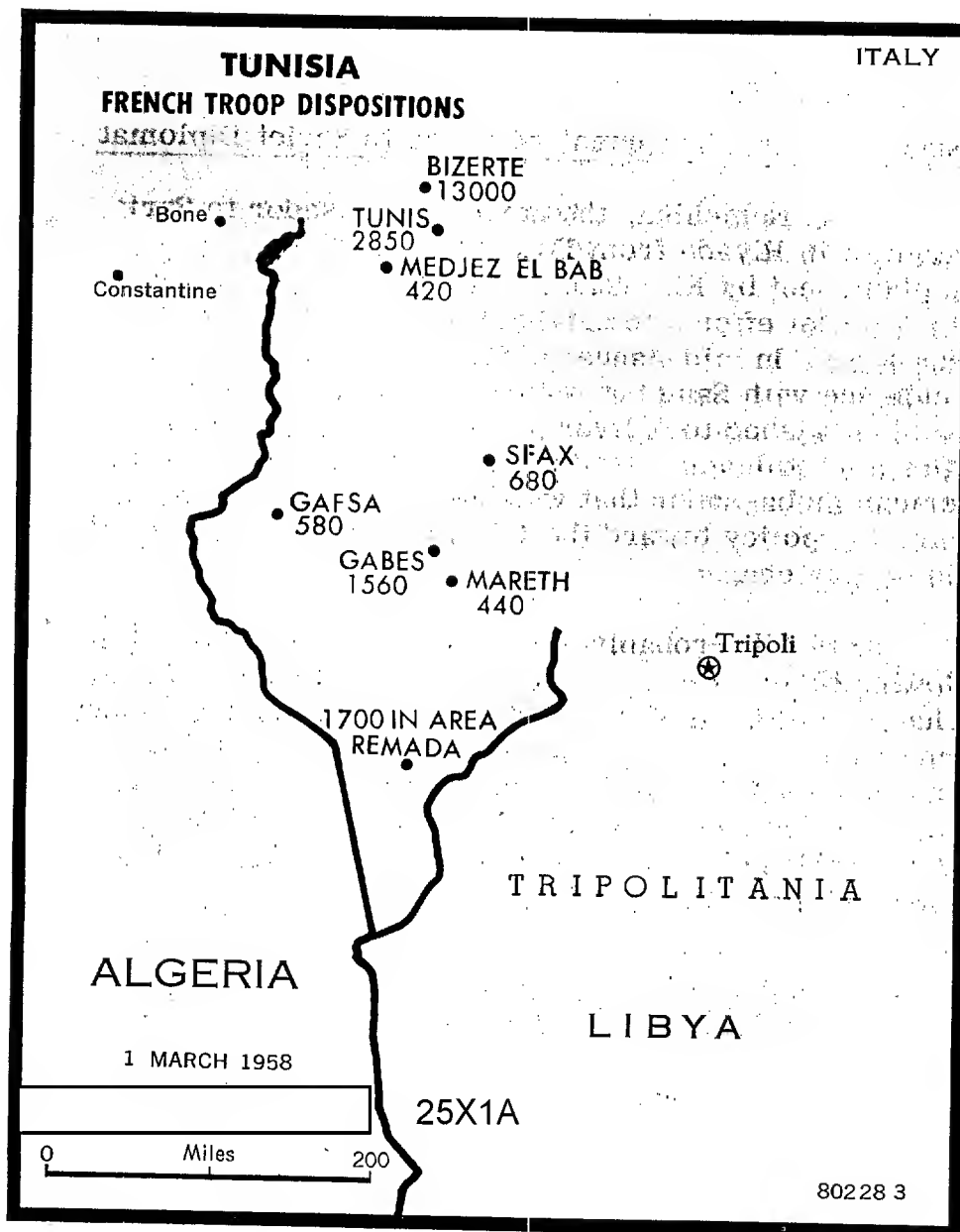
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## II. ASIA-AFRICA

### New French-Tunisian Incidents Foreseen

A member of French Foreign Minister Pineau's personal staff has warned American representatives in Paris that "serious incidents" are inevitable if Anglo-American good offices cannot relax the confinement of isolated French garrisons in Tunisia to their barracks within a maximum of two weeks. The spokesman stated that there was "a limit beyond which even the best troops will not take such treatment," particularly since they could force their way through the blockade "without undue difficulty."

In view of France's interest in facilitating the progress of the good offices mission while attempting to avert consideration of the Algerian situation, French political and military authorities are expected to try to maintain strict control over their troops. Nevertheless, the adamant position adopted publicly by Bourguiba, who is now blamed by Paris for all France's Algerian difficulties, together with the heavy border fighting between French and well-equipped and -trained rebel units crossing from Tunisia, increases the possibility of incidents in the near future.

If the present impasse continues much longer, Bourguiba will press his case in the UN Security Council, and serious disorders are likely to erupt in Tunisia.

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Shah of Iran Moving Vigorously Against Conspiracy

The Shah is moving quickly against an alleged conspiracy of army and political leaders, headed by the army intelligence chief, General Valiollah Gharani, to reduce the Shah to a figurehead. Announcement of more than 30 arrests and rumors of many additional suspects are increasing nervousness in Tehran. Adding to the stress is an intensive press campaign, being conducted under the direction of the National Information and Security Agency, against conspirators who are accused of covertly meeting with foreigners.

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Dissatisfaction with the Shah's personal direction of the government is growing and, regardless of the degree to which he destroys the potential of this coalition, he will probably be faced in the future with conspiracies of an increasingly desperate nature.

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### III. THE WEST

#### Greek Cabinet Resignations

The resignations on 27 February of Minister of Trade and Industry Panagiotis Papaligouras and Minister of Public Works George Rallis will probably lead to a period of confusion and uncertainty in the Greek Government. The resignations are not likely to cause its fall at this time, but may temporarily weaken it to such a point that it would hesitate to push forward on such foreign policy issues as a Cyprus settlement.

Papaligouras and Rallis, both energetic and ambitious young moderates, had threatened previously to resign. Papaligouras has been dissatisfied ever since he assumed office in early 1956. The immediate cause of the resignations was the authoritarian way in which Prime Minister Karamanlis presented a new electoral law to his cabinet. There may have been other reasons, however, such as an imminent reshuffling of the cabinet, which Karamanlis reportedly has been planning for some time.

Karamanlis' party, the National Radical Union (ERE), controls 164 of 300 seats in the Greek Chamber of Deputies. Even if Papaligouras and Rallis leave the ERE and secure the defection of other members, it is unlikely that they can draw enough adherents to bring down the government. In addition, Karamanlis may be negotiating with opposition leaders in order to strengthen his position.

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British Labor Plans New Assault on Disarmament Policy

The British Labor party and the trade union movement are planning a joint campaign to demand a greater British initiative in seeking international agreement on disarmament and disengagement. The Macmillan government's susceptibility to such public pressure is illustrated by a government spokesman's remark on 27 February that missile sites would not be completed before any summit meeting in the near future.

The Labor party and the Trades' Union Congress are preparing a joint policy statement which endorses the Gaitskell plan for a neutral zone in Central Europe and calls for a unilateral British suspension of thermonuclear testing for a limited period and a disarmament agreement in several stages beginning with test suspension. A splinter Labor group of some 70 Members of Parliament demands an even more radical approach, proposing a ban on the use and production of nuclear weapons and complete rejection of missile bases in Britain. While this split may hurt the party's public standing, the group will provide a focus for more far-reaching attacks on the government's defense and foreign policies.

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Ydigoras Will Have Difficulty Restoring Stability  
In Guatemala

Miguel Ydigoras Fuentes, who is scheduled to assume the presidency of Guatemala for a six-year term on 2 March, will be hampered in his efforts to restore political stability by divisions among his own supporters and by bitter partisan rivalries.

The 62-year-old Ydigoras won a plurality in the 19 January election more because of his personal appeal than because of any well-defined program. His followers range from extreme conservatives to moderate leftists, and he is certain to lose some support as his policies evolve.

His cabinet and other appointments will also cause disillusionment among his supporters. His first appointment, that of the moderate leftist Carlos Garcia Bauer to head the Foreign Ministry, has already caused consternation in his party. Garcia is not a member of Ydigoras' party. Ydigoras is also obligated, by a postelection agreement with Jose Luis Cruz Salazar, one of his opponents in the election, to give some posts to Cruz' followers. The agreement is resented by many Ydigoras supporters. [REDACTED]

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The army will be likely to oust Ydigoras when and if it becomes apparent that he has lost most of his present popular support. [REDACTED]

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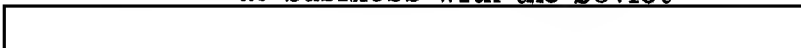
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